

Nine Month Report 2008



A1 motorway opening, Poland

January–September 2008 in brief

- Revenue for the Group SEK 104.6 bn (100.4)
- Revenue in Construction SEK 101.2 bn (93.5)
 - Up 12 percent in local currencies
- Backlog of SEK 148.1 bn represents 12 months of construction
- Operating income of SEK 4.0 bn (3.8)
 - Of which, gains from divestment of properties SEK 972 M (742)
 - Of which, gains from divestment of Ponte de Pedra SEK 684 M
- 160,000 sq. m of new leases in Commercial Development



Financial turmoil – effects on Skanska so far

- Construction
 - 1 USA Building contract on hold
 - Some effect on order bookings, primarily in Skanska's Nordic construction units
- Residential Development
 - Sales in Nordics down
 - Unsold completed units in Finland up
- Commercial and Infrastructure Development
 - Fewer buyers and transactions
 - Increasing yield requirements

Actions

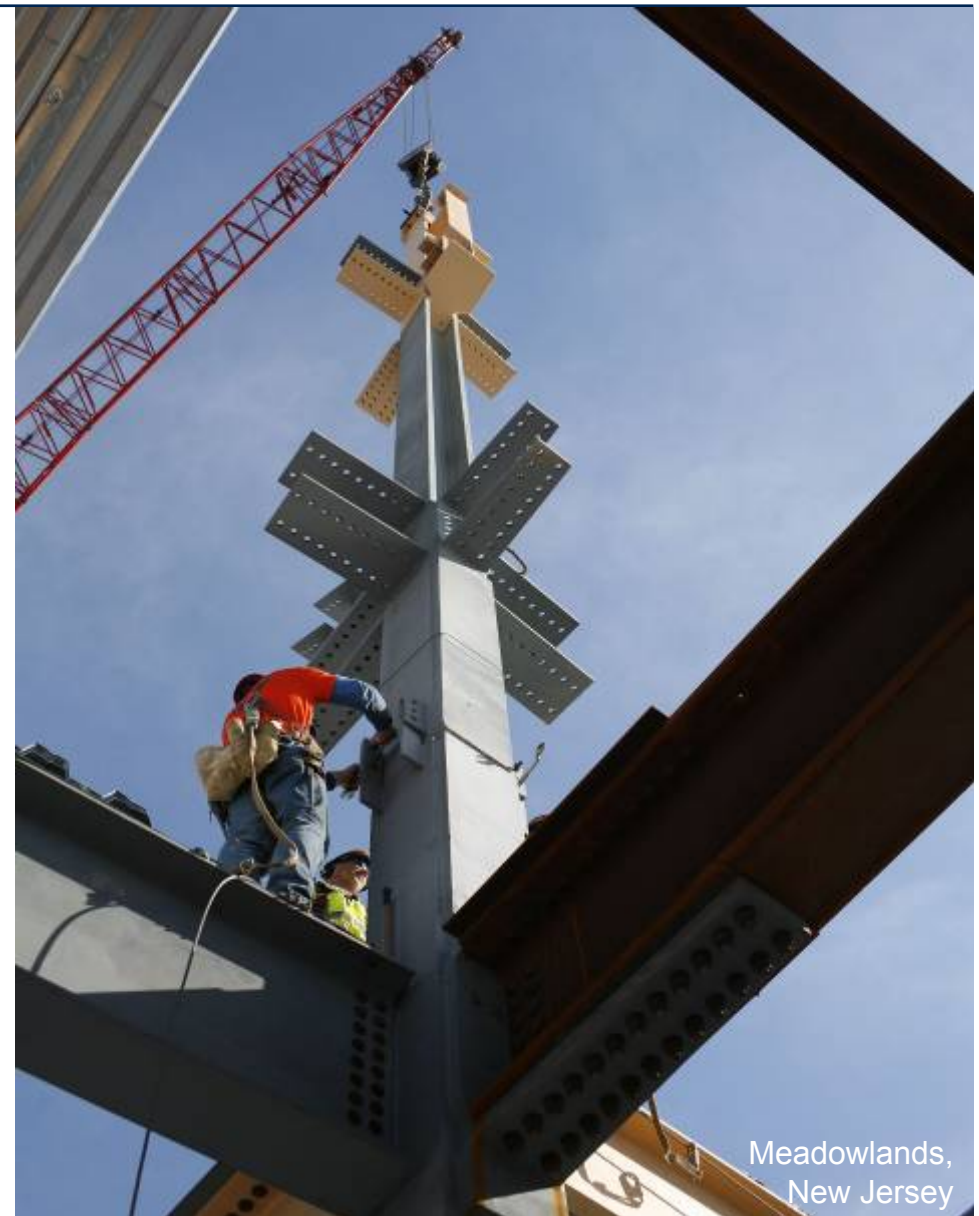
- Restrictive project starts in Project Development
- Review of approved investments – 3 projects put on hold
- Organization and cost structure will be adjusted to lower sales volumes in affected units
- Valuation of land and unsold apartments
- Increased focus on cash flow and quality in our business relationships

Skanska has a strong position

- Geographic footprint
- Different types of business
- Limited exposure to the residential sector
- Strong balance sheet

Construction

- Strong earnings in several construction units – Sweden, USA Civil, USA Building, Poland and Latin America
- Building operations in UK and Czech Republic and Civil in Finland weak spots



Meadowlands,
New Jersey

Residential Development

- Stagnant markets in Denmark and Norway and a slow Finnish market holding back earnings and project starts
- Good earnings in Sweden and Czech Republic, but markets continuing to slow down



Commercial Development

- Good development gains from divested projects and properties
- 46,000 sq. m of new leases in Q3



Vysehrad Victoria, Prague

Infrastructure Development

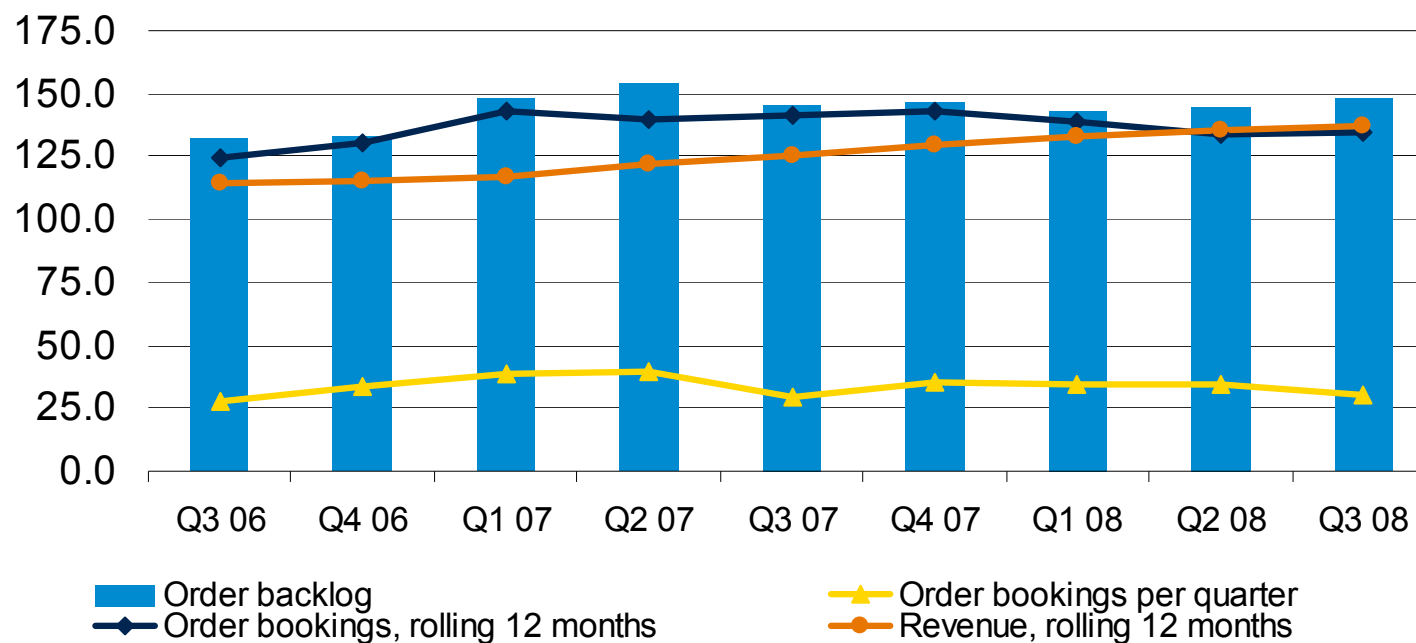
- Divestment of Ponte de Pedra contributed SEK 684 M in development gains
- Working on financial close on two highway projects: A1 phase II in Poland and M25 in UK



A1, Poland

Order situation – Construction

SEK bn	Jan–Sep 2008	Jan–Sep 2007	Oct 2007– Sep 2008	Jan–Dec 2007
Revenue	101.2	93.5	137.0	129.3
Order bookings	98.9	107.7	134.6	143.4
Order backlog	148.1	145.8		146.0



Order bookings – Construction

SEK bn	Jan–Sep 2008	Jan–Sep 2007	Oct 2007– Sep 2008	Jan–Dec 2007
Sweden	21.3	21.9	28.7	29.3
Norway	8.8	10.4	11.6	13.3
Finland	5.2	6.6	8.3	9.8
Poland	6.9	4.1	8.2	5.4
Czech Republic	10.6	6.4	13.6	9.3
UK	11.9	11.3	18.8	18.2
USA Building	17.9	28.5	24.0	34.6
USA Civil	12.3	13.6	16.3	17.7
Latin America	4.2	4.9	5.1	5.8
Total	98.9	107.7	134.5	143.4

Construction

SEK bn	Jan–Sep 2008	Jan–Sep 2007	Oct 2007– Sep 2008	Jan–Dec 2007
Revenue	101.2	93.5	137.0	129.3
Gross income	7.5	7.3	10.5	10.4
Selling and administrative expenses	-4.8	-4.2	-6.5	-6.0
Income from joint ventures and associated companies	0.0	0.1	0.1	0.1
Operating income	2.8	3.2	4.1	4.4
Gross margin, %	7.4	7.8	7.7	8.0
Selling and admin. expenses, %	-4.7	-4.5	-4.8	-4.6
Operating margin, %	2.8	3.4	3.0	3.4

Construction

	Operating income SEK M		Operating margin %	
	Jan-Sep 2008	Jan-Sep 2007	Jan-Sep 2008	Jan-Sep 2007
Sweden	1,160	872	5.2	4.4
Norway	332	398	3.3	4.3
Finland	178	302	2.6	4.3
Poland	322	284	6.0	5.3
Czech Republic	271	315	2.9	4.0
UK	-476	333	-3.5	2.6
USA Building	307	193	1.4	1.0
USA Civil	515	352	6.2	4.4
Latin America	191	123	5.1	4.1
Total	2,800	3,172	2.8	3.4

Residential Development

SEK M	Jan–Sep 2008	Jan–Sep 2007	Oct 2007– Sep 2008	Jan–Dec 2007
Revenue	5,263	5,612	7,330	7,679
Gross income	793	853	1,098	1,158
Selling and administrative expenses	-509	-443	-615	-549
Income from joint ventures and associated companies	69	99	85	115
Operating income	353	509	568	724
Operating margin, %	6.7	9.1	7.7	9.4
Capital employed, SEK bn	6.3	5.6		4.4
Return on capital employed, %	10.7	18.7		14.9

Residential Development

	Operating income SEK M		Operating margin %	
	Jan-Sep 2008	Jan-Sep 2007	Jan-Sep 2008	Jan-Sep 2007
Sweden	239	236	9.2	9.9
Norway	78	119	9.4	8.6
Denmark	-82	5	-37.8	1.0
Finland	-7	94	-1.0	9.8
Nordics	228	454	5.2	8.7
Czech Republic	125	55	13.7	13.7
Total	353	509	6.7	9.1

Residential Development, Sep. 30, 2008

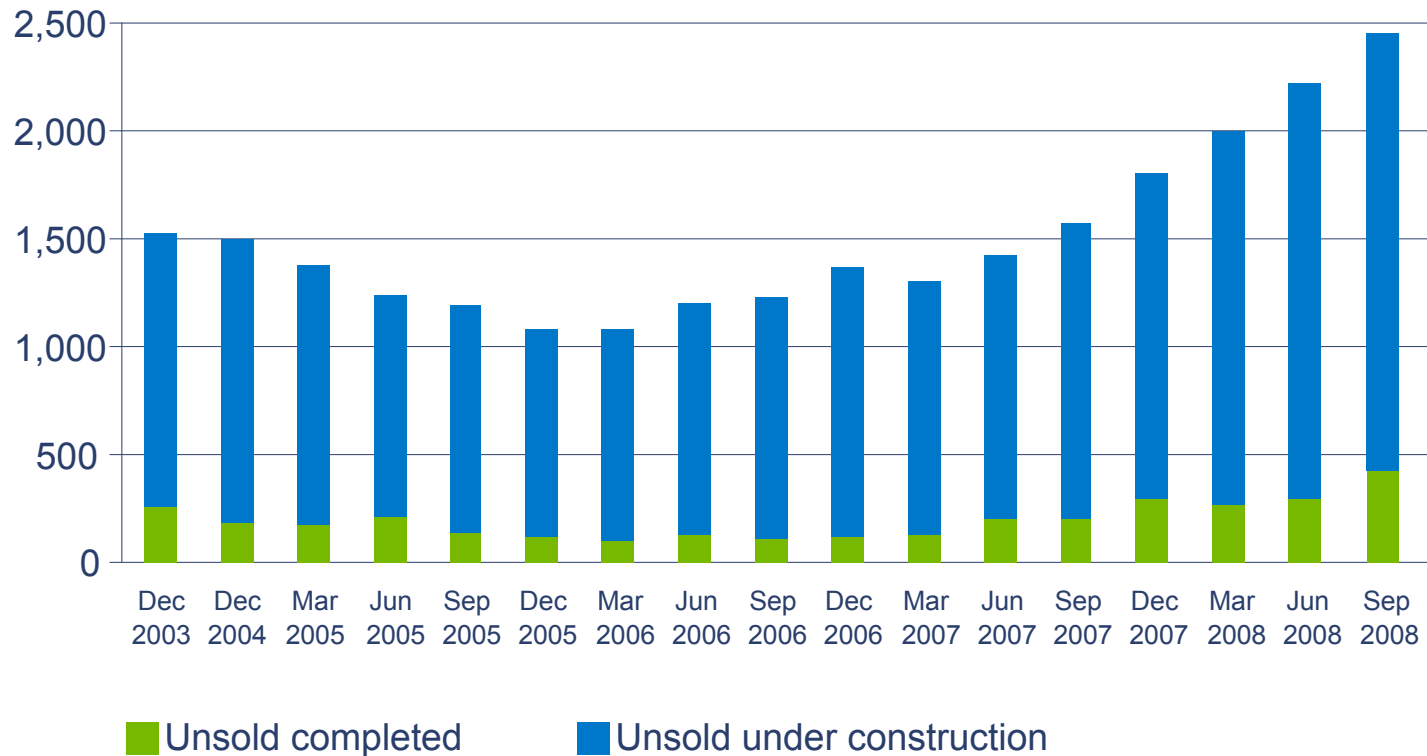
	Under construction #		Of which sold %		Completed unsold #	
	Q3, 2008	Q2, 2008	Q3, 2008	Q2, 2008	Q3, 2008	Q2, 2008
Sweden	2,826	2,884	71	73	10	10
Norway	279	444	56	70	39	22
Finland incl. Estonia	1,232	1,442	45	53	336	242
Denmark	157	194	80	81	21	14
Nordics	4,494	4,964	63	67	406	288
Czech Republic	1,425	1,339	73	77	8	8
TOTAL	5,919	6,303	66	69	414	296

Residential Development

	Started				Sold			
	Jan-Sep 2008	Jan-Sep 2007	Oct 2007- Sep 2008	Jan-Dec 2007	Jan-Sep 2008	Jan-Sep 2007	Oct 2007- Sep 2008	Jan-Dec 2007
Sweden	1,057	1,038	1,547	1,528	688	1,011	1,083	1,406
Norway	96	416	144	464	68	397	112	441
Finland incl. Estonia	648	1,021	991	1,364	688	957	989	1,258
Denmark	19	99	43	123	16	95	27	106
Nordics	1,820	2,574	2,725	3,479	1,460	2,460	2,211	3,211
Czech Republic	766	571	911	716	553	447	753	647
TOTAL	2,586	3,145	3,636	4,195	2,013	2,907	2,964	3,858

Residential Development

Number of unsold units



Commercial Development

SEK bn	Jan–Sep 2008	Jan–Sep 2007	Oct 2007– Sep 2008	Jan–Dec 2007
Revenue	2.9	2.1	3.9	3.1
Gross income	1.0	0.8	1.3	1.2
Selling and administrative expenses ¹	-0.2	-0.2	-0.3	-0.3
Operating income	0.8	0.7	1.1	0.9
of which gain from divestments of properties ²	0.9	0.7	1.2	1.1
of which operating net, completed properties ³	0.1	0.1	0.1	0.1
Capital employed, SEK bn	10.7	7.0		7.3
	0.0	0.0	0.0	0.0
1 Of which cost for development organization	-0.2	-0.2	-0.2	-0.2
2 Additional gain included in eliminations was	0.0	0.0	0.1	0.0
3 After selling and administrative expenses				

Sale of commercial properties, 2008

SEK M	Total		Of which ongoing projects	
	Sales price	Capital gain ¹	Sales price	Capital gain ¹
Q1 & Q2	1,746	583	950	276
Q3	872	389	746	265
Total	2,618	972	1,696	541

¹ Including eliminations of internal project gains

- New leases were signed for 46,000 sq.m of space in Q3, totaling 160,000 sq.m in the first nine months of 2008
- In Q4, gains from divestments of ongoing projects made so far will amount to approximately SEK 120 M . These gains are reported on a percentage of completion basis
- Two divestments to date in the fourth quarter
 - Havneholmen Tower in Copenhagen - ongoing office project with an investment of approx. SEK 690 M
 - Chalmers Science Park in Gothenburg – selling price of SEK 167 M and gain of SEK 62 M.

New projects

Project	Leasable area, sq m	Occupancy rate, %	Investment, SEK M
Q1			
Bylingen, office, Stockholm	16,000	96	540
Stora Bernstorp, retail, Malmö ¹	9,000	14	150
Tower, office, Copenhagen ²	25,000	0	690
Q2			
Gårda, Gothenburg	16,000	0	350
Vevaxeln, police building, Malmö	16,000	100	330
Q3			
Forskaren, phase 2, office, Lund ³	5,600	100	140
Ljungby Retail, Ljungby	9,500	68	110
TOTAL YTD	97,100		2,310

1 Divested during Q2, 2008

2 Divested during Q4, 2008

3 Will be merged with phase 1

Commercial Development

SEK bn	Carrying amount, end of period	Carrying amount upon completion	Occupancy rate, %	Degree of completion , %
Completed projects	2.2	2.2	94	100
Undeveloped land and development properties	2.3	2.3		
Ongoing projects	4.3	7.7	73	57
Total	8.8	12.3		

Infrastructure Development

SEK M	Jan–Sep 2008	Jan–Sep 2007	Oct 2007– Sep 2008	Jan–Dec 2007
Revenue	35	44	107	116
Gross income	-126	-103	-115	-92
Selling and administrative expenses	-121	-134	-175	-188
Income from joint ventures and associated companies	812	118	867	173
Operating income (EBIT)	565	-119	577	-107
of which gains from divestments of projects	684	0	757	73
Capital employed, SEK bn	2.1	2.5		2.5

Income statement

SEK M	Jan–Sep 2008	Jan–Sep 2007	Oct 2007– Sep 2008	Jan–Dec 2007
Operating income from business streams	4,547	4,224	6,293	5,970
Central	-500	-457	-601	-558
Eliminations	-34	2	-42	-6
Operating income	4,013	3,769	5,650	5,406
Net financial items	326	172	415	261
Income after financial items	4,339	3,941	6,065	5,667
Taxes	-1,172	-1,064	-1,654	-1,546
Profit for the period	3,167	2,877	4,411	4,121
Earnings per share, SEK	7.53	6.83	10.5	9.78
<i>Tax rate, %</i>	27	27	27	27

Balance sheet – summary

SEK bn	Sep. 30, 2008	Sep. 30, 2007	Dec. 31, 2007
Total assets	83.8	77.5	78.9
Equity attributable to equity holders	19.2	19.5	20.5
Interest-bearing net receivables (+)/net debt (-)	6.9	7.7	14.6
Working capital in construction, net	-14.3	-11.2	-15.2
Capital employed, closing balance	25.0	23.6	25.6
Equity/assets ratio, %	23.0	25.4	26.3

Changes in equity – summary

SEK bn	Jan–Sep 2008	Jan–Sep 2007	Jan–Dec 2007
Opening balance	20.7	19.3	19.3
Dividend	-3.4	-3.5	-3.5
Translation differences	0.7	0.3	0.6
Effects of actuarial gains and losses on pensions	-1.5	0.6	0.1
Repurchase of shares	-0.3	0.0	0.0
Other	0.0	0.0	0.0
Profit for the period	3.1	2.9	4.1
Closing balance	19.3	19.6	20.7

Operating cash flow

SEK bn	Jan-Sep 2008	Jan-Sep 2007	Jan-Dec 2007
Cash flow from business operations before change in working capital	2.6	2.9	4.3
Change in working capital	-1.5	-1.6	4.4
Net investments	-2.4	-0.5	0.3
Net interest items and other net financial items	0.5	0.0	0.2
Taxes paid	-1.6	-0.8	-1.2
Dividend ¹	-3.7	-3.5	-3.5
Cash flow before change in interest- bearing receivables and liabilities	-6.2	-3.4	4.5
1 including repurchase of shares	-0.3	-	-

Change in interest-bearing net receivables

SEK bn	Jan-Sep 2008	Jan-Sep 2007	Jan-Dec 2007
Cash flow before change in interest-bearing receivables and liabilities	-6.2	-3.4	0.1
Translation differences, net receivables/net debt	0.4	0.1	0.0
Change in pension liability	-1.8	0.7	0.0
Other changes, interest-bearing net receivables/net debt	-0.1	-0.1	0.0
Change in interest-bearing net receivables/net debt	-7.7	-2.7	0.1

Market outlook – Construction

- In the U.K. and Nordics building construction is weakening, albeit from a high level.
- In other markets, the weakening is less pronounced, although these are expected to be affected in case of a lengthy economic downturn.
- Civil construction in the Nordics and Central Europe not yet affected by financial turmoil. U.S. civil construction adversely affected by weaker public finances.

Market outlook – Project development

- Residential markets are weakening or stagnant. Need for residential units remains good in Sweden and Finland.
- The residential markets in Czech Republic and Slovakia are also experiencing a slowdown.
- Vacancy rates increasing somewhat in the Nordic office market while stable in Central Europe. Investors are increasing their yield requirements, although few transactions are being made.
- Still a large volume of PPP projects in the U.K. Increased interest in Central Europe. Turbulence in financial markets is making it more difficult to arrange financing for new projects.

Summary

- Strong earnings in several construction markets
- Good order situation in most markets
- RD markets continue to weaken
- Continued leasing activity and divestments in CD
- Work on financial close on A1 and M25 in ID
- Expectations of lower volumes going forward

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